

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF PNG)
COMPANIES LLC, DRAKE MERGER SUB INC.,)
AND DELTA NATURAL GAS COMPANY, INC.) CASE NO.
FOR APPROVAL OF AN ACQUISITION OF) 2017-00125
OWNERSHIP AND CONTROL OF DELTA)
NATURAL GAS COMPANY, INC.)

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
PNG COMPANIES, LLC, DRAKE MERGER SUB, INC., AND
DELTA NATURAL GAS COMPANY, INC.

PNG Companies LLC ("PNG"), Drake Merger Sub. Inc. ("Drake"), and Delta Natural Gas Company, Inc. ("Delta") (collectively, "Joint Applicants"), pursuant to 807 KAR 5:001, are to file with the Commission an original with six copies in paper medium and an electronic version of the following information. The information requested herein is due on or before May 5, 2017. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Joint Applicants shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Joint Applicants fail or refuse to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, Joint Applicants shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Joint Applicants' response to Commission Staff's First Request for Information ("Response to Staff's First Request"), Item 4, which states that "[t]he analysis will identify all of Delta's unique requirements in order to determine what systems will be implemented." Explain and give examples of "unique requirements" that impact the types of technology PNG might implement post-closing.

2. Refer to the Response to Staff's First Request, Item 7. Explain why Joint Applicants have not yet finalized the size and identify of Delta's post-close Board of Directors, and state the date that the size and identify of Delta's post-close Board of Directors will be finalized.

3. Refer to the Application, page 11, wherein Joint Applicants state that "Delta will maintain Delta's rates in effect at Closing, and may seek to modify those

rates from time to time in accordance with Kentucky law and the Commission's regulations." State whether Joint Applicants believe that Delta's existing customers can be served at Delta's current rates with no decline in service after the proposed transaction closes.

4. Refer to the Response to Staff's First Request, Item 8, Attachment KYPSC-8.

a. Provide a brief explanation of small volume gas transportation services for residential customers, whether they are required in Pennsylvania, and whether Joint Applicants intend to pursue the provision of such service in Delta's service area.

b. Provide an explanation of Peoples Natural Gas Company LLC's Rider H, Ratepayer Trust Rate Credit, the specific circumstances giving rise to Rider H, and the details surrounding the establishment of the \$35 million trust amount.

5. Refer to the Response to Staff's First Request, Item 16, regarding why the application filed by Joint Applicants did not request approval for SteelRiver LDC Ventures LLC or SteelRiver Infrastructure Fund North America LP to acquire direct or indirect control of Delta. Note Joint Applicants' reference to Case No. 2002-00018, *Application for Approval of the Transfer of Control of Kentucky-American Water Company to RWE Aktiengesellschaft and Thames Water Aqua Holdings GMBH* (Ky. PSC May 30, 2002), to support their contention that neither the Commission nor KRS 278.020 require that SteelRiver LDC Ventures LLC or SteelRiver Infrastructure Fund North America LP be a party to this proceeding.

a. Confirm that Joint Applicants' acknowledge that Case No. 2002-00018 sought Commission approval to transfer control of Kentucky-American Water Company to RWE Aktiengesellschaft ("RWE") and Thames Water Aqua Holdings GMBH ("Thames"), and that RWE and Thames were to become the indirect corporate parents of Kentucky-American Water Company.

b. Confirm that Joint Applicants have not sought Commission approval to transfer control of Delta to PNG's corporate parents, SteelRiver LDC Ventures LLC or SteelRiver Infrastructure Fund North America LP.

c. State whether Joint Applicants intend to amend their application to request Commission approval for SteelRiver LDC Ventures LLC or SteelRiver Infrastructure Fund North America LP, as the corporate parents of PNG, to acquire indirect control of Delta.

6. Refer to the Response to Staff's First Request, Item 14, which states that initial financing of the purchase price will occur under PNG's \$300 million Revolving Credit Agreement. Also refer to Joint Applicants' response to the Attorney General's Initial Data Requests ("Response to AG's First Request"), Item 72, which states that "[p]ost-closing, PNG plans to maintain a \$400M revolving credit facility which will be available to provide liquidity for PNG operations." Reconcile the different amount of the credit facilities and state whether PNG intends to obtain a higher credit facility after the transaction closes.

7. Refer to the Response to AG's First Request, Items 19, State whether Joint Applicants, SteelRiver LDC Ventures LLC or SteelRiver Infrastructure Fund North

America LP will provide written acceptance of the following commitments and assurances:

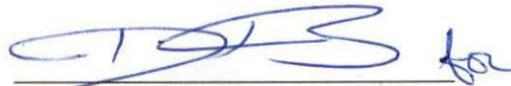
a. All costs associated with the proposed transaction will not have the effect of increasing Delta's rates for gas service.

b. Neither Delta nor its ratepayers, directly or indirectly, will incur any additional costs, liabilities, or obligations in conjunction with the acquisition of Delta by Joint Applicants, SteelRiver LDC Ventures LLC, or SteelRiver Infrastructure Fund North America LP.

c. Delta will not incur any additional indebtedness or pledge any assets to finance any part of the purchase price paid by PNG for Delta stock.

d. Delta will not guarantee the credit of PNG or any of PNG's affiliates.

e. Delta will not pledge any of its assets to finance the debt or any purchases of PNG or any of PNG's affiliates except after prior Commission approval pursuant to KRS 278.300.



Talina R. Mathews
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED APR 26 2017

cc: Parties of Record

*Emily Bennett
Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Honorable Francis J Mellen, Jr.
Wyatt, Tarrant & Combs, LLP
500 West Jefferson Street
Suite 2800
Louisville, KENTUCKY 40202-2898

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Michael D Hornback
Wyatt, Tarrant & Combs, LLP
250 West Main Street
Suite 1600
Lexington, KENTUCKY 40507-1746

*Monica Braun
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391